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Latvia

Trade Policy Monitoring

Latvia to Halt U.S. Animal/Poultry/Fish/Seafood Imports and Transshipments

2004

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Report Highlights:

When Latvia joins the EU on May 1, 2004, none of its key external border inspection posts (BIPs) located at ports and transit rail links will have been approved by the EU for executing veterinary control of imports and transit cargos. This will halt direct imports by Latvia for its domestic market and for transshipment of U.S. and other non-EU origin cargos subject to veterinary inspection.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Stockholm [SW1]
[LG]

None of Latvia's Border Inspection Posts (BIPs) at ports and rail links will be up and running in accordance with EU veterinary control requirements for imports and transit cargos by Latvia's May 1, 2004, EU accession date. This will negatively affect Latvia-bound non-EU origin veterinary cargos, such as U.S. poultry, fish, crustaceans and molluscs, live animals and breeding material, and a whole range of animal products and by-products such as meat, dairy, pet food and animal fats. (See European Commission Decision 2002/349/EC available at the EUR-Lex website for the complete list of products to be examined at border inspection posts.) U.S. and other non-EU country exports to Latvia as well as transshipments to third countries will need to be directed to an EU-listed entry port for veterinary checks there until Latvian BIPs receive EU approval.

Reportedly, Latvian inspectors are working to clear cargos already in cold storage facilities and warehouses by an April 26th deadline in order to assure transit cargos have left the country before May 1st. According to Latvian freight forwarders and stevedores, many transit cargos are already being re-directed to ports in Latvia's neighboring countries, Lithuania and Estonia. As a result of this development, the Latvian Freight Forwarders Association has estimated expected losses at the Port of Riga at 30 percent of income.

Due to delayed construction of BIPs in Latvia, EU approval of Latvia's proposed BIPs at key ports and rail links is not expected to occur until late fall, at the earliest. As a part of Latvia's EU accession program, Latvian Customs authorities were required to set up border posts according to EU standards, and obtain approval for them by the EU Standing Committee on the Food Chain and Animal Health. However, construction work at the Port of Riga, a key entry port and transshipment point for the majority of transit cargos, did not commence until January, 2004. The BIPs at the Port of Ventspils and the key rail links in Rezekne and Daugavpils will reportedly not be ready to apply for approval until sometime in August. Only two of Latvia's border inspection post sites are expected to be listed as EU entry points come May 1, 2004. These are the Grebneva BIP, located at a road link on Latvia's border with Russia, and Patarnieki BIP, on Latvia's border with Belarus. Of these two, Patarnieki has already been determined to conform to EU sanitary control requirements.

According to U.S. Customs data, exports of poultry meat in to Latvia in CY 2003 amounted to about \$24.1 million (f.o.b.). Of this amount, approximately \$20 million was destined for transshipment from Latvia to third countries. U.S. exports to Latvia of other products which will be subject to EU veterinary border controls, including seafood, animal fats, pet foods, frozen/chilled red meats, and dairy products, amounted to more than \$1.6 million in 2003. A portion of these imports were also transshipped. While it is expected that some of this U.S. trade will simply be re-routed until the major Latvian BIPs are EU- approved, it is not possible to say how much U.S. trade will actually be lost to sales by other countries which are EU member states (including accession countries). U.S. sales of affected products for Latvia's domestic market will be at a competitive disadvantage to the extent transportation cost increase because cargo cannot be shipped to Latvia directly. In any case, the BIP question aside, it is certain that unless and until the U.S. reaches an agreement with the EU on an acceptable treatment for poultry meat, the portion of U.S. poultry sales to Latvia which is destined for the Latvian domestic market will be lost as of May 1, 2004.